

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 CCO-00 SPC-03 AID-20

EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 AGR-20 DRC-01 /198 W

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R 100812Z NOV 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 1078

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

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1. SUMMARY. XCSS ADOPTED "IN PRINCIPLE" US PROPOSAL FOR STUDY OF WORLD DEMAND AND SUPPLY CONDITIONS IN GRAIN-FEED-LIVESTOCK SECTOR. OECD COUNCIL WILL MAKE FINAL DECISION ON EXACT TERMS OF REFERENCE ON BASIS OF A SPECIFIC PROPOSAL WHICH VAN LENNEP WILL PUT FORWARD. THERE WAS GENERAL AGREEMENT ON NEED FOR IMPROVED COMMODITY PROJECTIONS IN LIGHT OF CHANGED WORLD SUPPLY-DEMAND SITUATION IN AGRICULTURE. MANY DELS, HOWEVER, WERE SKEPTICAL OF PRACTICALITY AND ADVISABILITY OF BASING PROJECTIONS ON LATERNATIVE POLICY ASSUMPTIONS AND THUS WERE OPPOSED TO INCLUDING PART II OF US PROPOSAL (CE(73)7 PARAS 12 AND 13). AS ANTICIPATED, EC SPOKESMAN WERE LEAST RECEPTIVE TO PROPOSAL, WITH FRENCH SHOWING GREATEST SKEPTICISM. US DEL (CASEY) BY SHOWING FLEXIBILITY ON DETAILS US FORMULATION WAS SUCCESSFUL IN AVOIDING POSTPONEMENT OF ACTION AND IN OBTAINING COMMITTEE'S GENERAL AGREEMENT BROAD LINES, TO BE SPECIFIED BY COUNCIL ON BASIS LANGUAGE SEC GEN WILL SUBMIT. END SUMMARY.

2. UNDER SECRETARY CASEY OPENED DISCUSSION BY STRESSING VALUE AND TIMELINESS OF A STUDY CARRIED OUT BY INDEPENDENT EXPERTS. (STATEMENT BEING TRANSMITTED BY SEPTTEL) IN HIS STATEMENT HE TRIED TO MEET ADVANCE RESERVATIONS AND CRITICISMS RECEIVED BY US EMBASSY CONTACTS IN OECD MEMBER COUNTRIES. HE STRESSED THAT "STUDY WOULD NOT CREAT POLICY. NOR WOULD IT BIND ANYBODY." BUT SUCH STUDY TO BE OF MAXIMUM USEFULNESS SHOULD WEIGH IMPACT OF VARIOUS POLICY ALTERNATIVES. HE URGED THAT SECRETARIAT REFORMULATE PROJECT TO TAKE ACCOUNT OF VIEWS OF OTHER DELEGATIONS, AND THAT COUNCIL (OR XCSS AT ITS NEXT MEETING) AUTHORIZE SEC GEN TO SELECT EXPERTS AND PUT THEM TO WORK.

3. THE EC COMMISSION OPENED DISCUSSION ON GENERALLY NEGATIVE NOTE. STUDY PROPOSED WAS TOO AMBITIOUS AND TOO COMPLEX. COMMODITY PROJECTIONS PROPOSED IN PART I BASED ON CONTINUATION OF CURRENT POLICIES WOULD BE DIFFICULT ENOUGH BUT PROJECTIONS BASED ON ALTERNATIVE POLICIES WOULD BE IMPOSSIBLE. WHO SHOULD DETERMINE WHAT THESE POLICIES WOULD BE? CERTAINLY NOT THE INDEPDENDENT EXPERTS. FURTHER, COMMITTEE SHOULD ASK FOR LIMITED OFFICIAL USE
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FACTUAL ANALYSIS BY EXPERTS, NOT INFORMED JUDGMENTS. HE CONCLUDED THAT US PROPOSAL DESERVED CONSIDERATION AND NEEDED TO BE STUDIED. THE PROJECTIONS ARE OF INTEREST BUT COMMITTEE NEEDS TO KNOW WHAT CANNOT BE COVERED BY OECD AGRICULTURE COMMITTEE AND TO HAVE CATALOG OF STUDIES ALREADY MADE BY OECD AND OTHER INTERNATIONAL ORGANIZATIONS.

4. JAPANESE DELEGATE STRESSED IMPORTANCE OF COMMODITY PROJECTIONS BUT AGREED WITH THE EC DELEGATE THE PROJECTIONS SHOULD NOT BE MADE UNDER SET OF CHANGED POLICIES. HE SUGGESTED THAT THE COMMODITIES SHOULD INCLUDE SOYBEANS AND OTHER SOURCES OF PROTEIN (AS DID OTHER DELEGATIONS) PLUS

SUGAR, AND MAYBE OTHER PRODUCTS SHOULD BE ADDED. TO BE USEFUL, STUDY MUST INCLUDE PLANNED-ECONOMY COUNTRIES AND LDC'S.

5. AUSTRALIAN DELEGATE STRESSED HIS COUNTRY'S CONTINUING SUPPORT OF US PROPOSAL. THE WORLD WAS "FLYING BLIND" ON KNOWING FUTURE AGRICULTURAL SITUATION, HE SAID, A YEAR OR MORE AGO WHEN US FIRST MADE SUCH PROPOSAL AND FUTURE IS EVEN MORE UNKNOWN AND DIFFICULT TO ASSESS NOW. EXISTING PROJECTIONS, FOR EXAMPLE, FAO PROJECTIONS ARE TOTALLY OUT OF DATE. HE STRONGLY URGED, HOWEVER, THAT AN INITIAL STUDY BE LIMITED TO PROJECTIONS BASED ON PRESENT POLICIES. TIME TO CONSIDER ALTERNATIVE POLICY ASSUMPTION IS AFTER PROJECTIONS ARE MADE.

6. CANADA ALSO SUPPORTED US PROPOSAL BUT WARNED AGAINST TOO BROAD A PROJECT. CANADIAN REPRESENTATIVE AGREED THAT PROJECTIONS SHOULD BE GIVEN FIRST PRIORITY BUT HE EMPHASIZED THAT HE WOULD LIKE THE SECOND PHASE ON EFFECTS OF ALTERNATIVE POLICIES TO PROCEED ALSO.

7. AMONG EC MEMBER COUNTRIES, FRENCH, ITALIAN AND GERMAN REPS TOOK THE FLOOR. THEY ALL INDICATED THEIR SUPPORT OF THE VIEWS OF COMMISSION SPOKESMAN ALTHOUGH POINTING OUT THAT EC HAD NOT HAD TIME TO ARRIVE AT AN OFFICIAL POSITION.

8. GERMAN DELEGATE POINTED TO SPECIAL DIFFICULTIES OF MAKING SUPPLY PROJECTIONS, EVEN WITH NO CHANGE IN POLICY ASSUMPTIONS. SHE ALSO RECOMMENDED A REPORT TO BE CONSIDERED AT NEXT MEETING ON CONTENT AND "LEVEL" OF PROJECTION STUDIES ALREADY AVAILABLE.

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9. FRENCH DELEGATE (BRUNET) STRESSED MANY DIFFICULTIES IN MAKING SUCH STUDIES AND HOW OFTEN EXPERTS HAVE BEEN WRONG IN PAST. IN VIEW OF FRENCH GOVERNMENT, THE MOST IMPORTANT THING IS TO RAISE PRODUCTION TO MEET UNQUESTIONED FUTURE DEMANDS FOR AGRICULTURAL PRODUCTS. ALL THE STUDY OF THE EXPERTS WOULD DO WOULD BE TO CONFIRM THIS FACT. HE STRESSED NEED FOR DOING MORE PRACTICAL WORK SUCH AS DEVELOPMENT OF COMMODITY AGREEMENTS, THAT WULD INCLUDE STOCKPILING PROVISIONS. FINALLY, HE STATED FRENCH VIEW THAT THERE IS NO SUCH THING AS AN "INDEPENDENT EXPERT." OECD SECRETARIAT WOULD MEET THIS CRITERION BETTER THAN EXPERTS COMING FROM OECD MEMBER COUNTRIES. NONETHELESS, BRUNET DID NOT CARRY HIS OPPOSITION TO POINT OF OUTRIGHT REJECTION OF STUDY.

10. SPANISH AND TURKISH DELEGATES ALSO GAVE GENERAL SUPPORT TO US STUDY BUT VOICED SOME RESERVATIONS SIMILAR TO THOSE OF OTHER DELEGATIONS.

11. SEC GEN OFFERED HIS IDEA OF WHAT WOULD BE FEASIBLE SURVEY (SEE USOECD 28325):

BEGIN TEXT:

TO IDENTIFY THE MAIN FACTORS WHICH HAVE A BEARING ON
WORLD SUPPLY AND DEMAND FOR THE MAJOR AGRICULTURAL COMMODITIES
(CEREALS, FEEDSTUFFS AND LIVESTOCK PRODUCTS) AND TO ASSESS THE
EXTENT TO WHICH THESE FACTORS CAN BE MODIFIED BY DIFFERENT
POLICIES.

ON THE BASIS OF THIS DISCUSSION THE GROUP OF EXPERTS
IS INVITED TO REVIEW THE POSSIBLE TRENDS BY 1985 FOR WORLD
SUPPLY, DEMAND AND TRADE FOR THESE COMMODITIES.

THE GROUP OF EXPERTS SHOULD REPORT BY DECEMBER, 1974.

END TEXT.

12. IN SUMMING UP, THE CHAIRMAN PROPOSED THAT THE COMMITTEE
ACCEPT IN PRINCIPLE THE USEFULNESS OF PROPOSED STUDY.
HE REQUESTED THAT SEC GEN COLLECT ALL NECESSARY DOCUMENTS OF
OTHER ORGANIZATIONS AND PRESENT A REPORT TO COUNCIL REFLECTING
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DISCUSSION AND INCORPORATING HIS PROPOSED MANDATE. COUNCIL
WOULD THEN MAKE FINAL DECISION ON EXACT TERMS OF REFERENCE.
COMMENT: THE AGREEMENT WAS LEFT SOMEWHAT VAGUE TO PERMIT SECRETARIAT
TO MOVE AHEAD BUT COUNCIL LIKELY WILL FACE PROBLEMS IN GETTING
AGREEMENT. THERE REMAINS AMONG MANY COUNTRIES A SKEPTICISM
OF ANY STUDY THAT WOULD ALLOW INDEPENDENT EXPERTS MUCH LATITUDE.
CASEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURE, LIVESTOCK, SUPPLIES, COMMODITY AGREEMENTS, COMMITTEE MEETINGS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OECDP29069
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731166/abqceggI.tel
Line Count: 198
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Jul-2001 by thigpegh>; APPROVED <17-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EAGR, XX
To: STATE INFO ANKARA
ATHENS
BERN
BONN
BRUSSELS
CANBERRA
COPENGAGEN

DUBLIN
THE HAGUE
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GENEVA
NATO
EC BRUSSELS UNN

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005